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## RUSSIAN RETREAT REACHES ITS MOST CRITICAL STAGE

German Encircling Movement Appreciably Intensifies and Tightens.

VON HINDENBURG MAKES  
IMPORTANT ADVANCES

Increasing Misgiving in England  
With Regard to Outcome  
of Maneuver.

LACK RAIL COMMUNICATION

Paris Reports That French Troops  
Have Crossed Aisne-Marne Canal

Germans Drawing Net  
Around Czar's Armies

THE big Russian army driven from Vilna is in imminent danger of capture by the Germans. It is believed in London. Military writers fear the fleeing forces will find it difficult to escape the net being drawn about them by Von Hindenburg and Prince Leopold.

On other parts of the eastern front the Germans report advances for their arms.

In the west, Paris claims the capture of German positions at Epy and Haucourt in Lorraine, and German works near Laluprey and Halloville. The French also assert they have silenced German batteries and destroyed German trenches.

Heavy bombardments continue between the Italians and Austrians.

The Serbo-Bulgarian frontier has been declared a war zone by Bulgaria, according to a semi-official dispatch from Berlin. Bulgarian troops are said to have concentrated near the Serbian frontier, while German and Austro-Hungarian troops are declared to be along the Serbian border line.

LONDON, September 21.—The German encircling movement against the Russian army which evacuated Vilna is appreciably intensified and tightened, and with the retreating forces virtually without rail communication, their retreat seems to have reached the most critical juncture. There is increasing misgivings in England with regard to the outcome of the maneuver. The later Berlin official communication of important advances by Field Marshal von Hindenburg's right wing, as well as progress by Prince Leopold of Bavaria on the center.

The only development, from the point of view of the allies, as an offset to the continued rush of the Germans in the east is the news received from Paris that French troops have crossed the Aisne-Marne Canal, a claim which Berlin concedes. The British front, which has been so quiet for weeks has been shattered by the German artillery, but according to the British official report, prompt retaliation by the British balanced the score.

REJOICING OVER VICTORY

AT VILNA CONTINUES  
[Special to The Times-Dispatch.]  
BERLIN, September 21. (Wireless to Rayville).—Germany is following with breathless interest the execution of Field Marshal von Hindenburg's gigantic schemes.

Rejoicing over the great German victory at Vilna continues. The occupation of Vilna was the result of a rapid flanking movement by the army of General Eichhorn, which has succeeded in dividing the Russian armies into three parts. The third section is the southern army in East Galicia.

Military writers all agree that the strategy of Von Hindenburg and Von Eichhorn is in accord with the spirit of Moltke, and declare that the aspect of the future highly important developments is very bright.

Major Morant, the military expert of the Berliner Tageblatt, editorially says: "The Russian positions between Vilna, Minsk and Stetkin are extremely dangerous. Probably the Russian troops who were defeated after several days' fighting around Vilna are so exhausted and morally shaken that they will be unable to fight their way through."

"Eichhorn already is at their rear, while the army groups of Prince Leopold of Bavaria and Marshal von Macdonen are rapidly nearing from the south, ready to close the ring."

LUCKY LORD KITCHENER

POINTED QUESTION

Major Morant asks Lord Kitchener the pointed question: "Are the German movements rapid enough for your taste after your statement that while Germany had formerly advanced five miles a day she is today only advancing one, and that the German strategy had failed entirely?"

He also asks whether the British War Lord is still of the opinion that Germany has "shot her bolt."

German army headquarters officially denies the report printed in the London Morning Post that two German divisions on the Sereth line near Tarnopol were annihilated.

These divisions lost on the date mentioned one officer and sixty-five men in killed and wounded, and 256 men wounded. Thirty-two men are missing, they maintained every inch of ground.

T PAYS TO TRAVEL YORK RIVER LINE to Baltimore and beyond. Excellent steamers, service, \$12.50 one way; \$4 and \$4.50 round trip. Delightful sail up Ches. Bay.

## Every Soul Rescued from Burning Ship

Anchor Liner Arrives With Passengers and Crew Taken from Greek Steamer Athinal.

NEW YORK, September 21.—The Anchor Line steamer Tuscania arrived in port to-night with 320 passengers and seventy of the crew of the Greek steamer Athinal, which was abandoned at sea late Sunday afternoon, after she had been afire for thirty-six hours. Every soul on the burning vessel was rescued.

The steamer Roumanian Prince is due here to-morrow with fifty-six of the crew and five passengers rescued at the same time.

The officers of the Athinal said that they did not know what caused the fire. It appeared to have broken out simultaneously in four different parts of No. 2 hold, which was largely filled with inflammable merchandise. Although there was much excitement at first among the passengers, the officers succeeded in allaying their fears.

There were thirty-two Americans aboard the Tuscania, among them several bound as missionaries to Turkey. Eight lifeboats from the Tuscania and a few of the Athinal's boats transferred the passengers without accident, the weather being mild and the sea calm. Women and children went first, and when several of the men started passengers sought to enter one of the first boats they were roughly handled by the crew.

HELPS HIM TO PAY ALIMONY

Curious Situation Revealed When Mrs. Horter Brings Suit for Separation From Husband.

[Special to The Times-Dispatch.]  
NEW YORK, September 21.—To pay alimony to her husband's first wife is one thing, but when that same wife has to sue for alimony for herself that's something else again.

Such a situation was revealed in the Supreme Court to-day when Mrs. Ellen Horter, wife of Earl Horter, the illustrator, brought suit for separation.

The second Mrs. Horter stated that on one occasion she helped pay her husband's alimony after he had let it run until he owed in the neighborhood of \$1,000, and faced a cell in the "almshouse club" section of Ludlow Street Jail.

Now she says she has discovered that he is very friendly with a beautiful young woman whose name is given as Helen Hall.

In regard to Miss Hall, the plaintiff alleges to "return the artist" became "very friendly" with the girl he refused to return home unless permitted to "enjoy the company of Miss Hall at least part of the time."

Horter, in an affidavit, declares he was compelled by the extravagance of his wife to leave her, and that Miss Hall and her mother are old friends of his, and that no exception "could properly be taken" to the friendship.

BASES FOR SUBMARINES

Petrol Secreted on Unfrequented Guernsey Coast to Replenish Supplies of German Boats.

NEW YORK, September 21.—Substantial evidence of rumors that German submarine bases had been established in English waters was brought here today by Frank S. Peer, of Ithaca, N. Y., cattle breeder, who owns a breeding place on the Isle of Guernsey. He said that about four months ago it had been discovered by the British naval authorities that petrol had been secreted on the unfrequented Guernsey coast, and that German submarines had by this means replenished their supplies. Forty persons of German origin were arrested, he said, accused of supplying the petrol.

Peer also said the British were trapping submarines in the vicinity of Guernsey by means of steel nets, and that he knew personally of twenty-eight that had been thus captured during his five-months' stay on the island. Mr. Peer arrived on the Minnehaha from London to-day.

SETTLE HAZING CHARGES

Daniels to Take Up With President Report of Board Which Made Investigation at Annapolis.

WASHINGTON, September 21.—Secretary Daniels expects to take up with President Wilson probably on Thursday the report of the board which recently investigated hazing charges at the Naval Academy.

The board has recommended the dismissal of nine midshipmen, five for more than one hazing offense each, and four for falsehood during the hearing. A dozen others, charged with only one hazing offense, are recommended for punishment less than dismissal.

Secretary Daniels said a technical detail in connection with one case had delayed final disposition of the matter, which he has already discussed with the President.

ADVICE TO SHIPOWNERS

German Government Requests That Neutral Markings or Colors Be Conspicuous as Possible.

WASHINGTON, September 21.—Count von Bernstorff, the German ambassador, has again been instructed by his government to advise neutral shipping that when neutral markings or colors are painted on the sides of vessels they should be sufficiently conspicuous to be seen from a distance. Many neutral ships, it is said, carry markings which are too small.

"The German government," said a State Department announcement to-day, "suggests that the foregoing be brought to the attention of American shipowners in their own interest."

The German admiralty made a similar request several weeks ago, and the State Department gave it wide publicity.

## VOTES TO RETAIN PRESENT COUNCIL

Charter Reform Committee Will Not Change Ward System of Representation.

REJECTS SIX-WARD SCHEME

Will Seek to Secure Needed Reforms by Amending Charter Now in Force.

Holding that it would be impossible to draw up an entirely new form of government for the city of Richmond and put it through the necessary preliminary steps in time for action by the Legislature this winter, the Council Charter-Change Committee last night voted unanimously for a motion offered by Councilman Pollock declaring it to be the sense of the committee that it should proceed as expeditiously as possible to modify the present charter, rather than to draft a new form of government to supersede the form now in force.

In the opinion of Mr. Pollock, concurred in by the City Attorney, the adoption of this motion by the committee leaves it free to adopt the reform plan of the Civic Association in its entirety, with the single exception of the section providing for a single-chamber Council. The motion precludes the adoption of this feature of the association's scheme.

COMMITTEE VOTES TO RETAIN

COUNCIL IN PRESENT FORM  
After a debate which consumed most of the three-hour session, the committee voted shortly before adjournment at 11:20 o'clock to retain the City Council in its present form, without change as to the number of wards or the representation from each ward.

On this point the debate was keenest. Councilman Ratcliffe pleaded for a reduction in the size of the Council from thirty-two members to twenty members, proposing that there be elected from each of the four wards three Councilmen and two Aldermen. The motion was defeated by a vote of 8 to 1, Mr. Ratcliffe alone supporting it.

Councilman Pollock urged a redistribution of the city into six wards and the election from each ward of three Councilmen and two Aldermen. This would have decreased the Council from thirty-two members, which it has at present, to thirty members. The plan received the endorsement of Charles V. Meredith, of the citizens' committee.

POLLOCK'S SIX-WARD

PLAN IS DEFEATED  
Mr. Pollock's motion to this effect was defeated by a vote of 6 to 3. The members voted as follows:

For the six-ward plan—Councilman Pollock and Aldermen Adams and Powers—3.  
Against the plan—Councilmen Jones, Hadden, Peters and Ratcliffe and Aldermen Christian and Puller—6.

With both substitutes for his motion defeated, Alderman Christian's motion declaring for the retention of the present four-ward plan and the bicameral Council as at present constituted was put on its passage, and was adopted unanimously. In voting for the motion, Mr. Pollock reiterated his preference for the six-ward plan, expressing the hope that the committee may at a later date see fit to revise its views.

Councilman Ratcliffe, earlier in the evening, offered a motion declaring it to be the committee's conviction that the Mayor should be elected by the people. Chairman Jones called attention to the fact that the motion was superfluous since if any other course were pursued with regard to the Mayor, the reform plan, according to the constitution of the City Attorney, would be an entirely new form of government. The committee has already decided to confine its efforts to modifying the present form.

In order to dispose of the question without further debate, however, Mr. Ratcliffe's motion providing for the popular election of the Mayor was put and carried unanimously.

SETTLES COMMITTEE'S POSITION

AS TO LEGISLATIVE BODY  
It was generally conceded after adjournment that the Charter-Change Committee had taken a long step forward in reform program by disposing definitely of the mooted points noted in the foregoing.

The committee's position with reference to the legislative branch of the new government, and paved the way for the consideration at future meetings of the administrative and executive branches around which the real fight will center.

Representatives of the Civic Association, not more than half a dozen of whom were present last night, were apparently satisfied with the evening's progress. While Wyndham R. Meredith, asked during the progress of the meeting for a statement of his opinion on the ward question, reiterated his conviction that a small Council elected from the city at large was the preferable plan, he was not discontented by the committee's decision to retain the Council unchanged.

FAVOR RETENTION OF

COUNCIL IN PRESENT FORM  
Leon Wallerstein expressed the belief that the Council as at present constituted should be retained, having heard nothing to lead him to believe that the body is too cumbersome or too small. H. R. Pollard, Jr., did not regard the size of the Council as a matter of particular moment, and was in favor of retaining as it is constituted at present. Charles V. Meredith said that he would prefer to see a small reduction in the Council, but was opposed to the abolition of election by wards. Thomas Branch McAdams favored the retention of the Council in its present form.

The meeting was singularly free from the passion and recrimination that have characterized the last two or

(Continued on Thirteenth Page.)

## DUMBA IS CRITIC OF U. S. OFFICIALS

Refers to "Self-Willful Temperament of President" and Lansing's Weak Legal Arguments.

DOCUMENTS ON ARCHIBALD

Number of Letters Found in Possession of American Made Public in London.

LONDON, September 21.—Of the thirty-four Austrian and German papers found in the possession of James F. J. Archibald, the American newspaper correspondent when he was apprehended August 30 at Falmouth while proceeding from New York on board the steamer Rotterdam for Rotterdam, seventeen are described as having been made public, and the other seventeen as being "insufficient to warrant publication."

Count von Bernstorff, the German ambassador to the United States, in one letter said that Mr. Archibald "is proceeding to Germany to collect material for lectures in the United States in the interest of the German cause."

In a letter addressed to Mr. Archibald, Count von Bernstorff says: "I have heard with pleasure that you wish once more to return to Germany and Austria after having promoted our interests out here in such a zealous and successful manner."

Captain von Papen, the military attaché at the German embassy in Washington in a letter to a Berlin friend, said:

"Mr. Archibald is going to Germany and Austria to collect new impressions from the point of view of the strictly impartial journalist he always has been."

LETTERS FROM DUMBA

TO BARON VON BURIAN  
There are three letters from Dr. Dumba, the Austro-Hungarian ambassador, to Baron von Burian, Austro-Hungarian Minister of Foreign Affairs, dated August 20. The first is the letter already published relating to the proposals for the prevention of the production of war material, or the disorganization of munitions factories in the United States.

The second criticizes Secretary of State Lansing's reply to Baron von Burian's protest against the delivery of weapons to the allies. It declares the legal arguments of Mr. Lansing are "certainly very weak," but adds that to return to the question is useless, "having regard to the somewhat self-willed temperament of the President."

The letter of Dr. Dumba, which is dated August 20, in part says:

"The reply of Secretary of State Lansing to the note of the 29th of June, in which Your Excellency protested against the enormous deliveries of weapons and munitions to the allies from the United States was published here—I do not know whether with the agreement of the Austrian government—on the 16th ultimo."

DECLARES LEGAL

ARGUMENTS VERY WEAK  
"As was to be expected, the refusal was quite categorical. The legal arguments are certainly very weak, for the references to articles supplied by Germany and Austria during the Boer War are not to the point and are misleading, for at that time Germany claimed the right to send foodstuffs to the Boers via the neutral port of Lorenzo Marques, and, if I am not mistaken, carried the point after the war against England."

"The true ground for the discouraging attitude of the President lies, as his confidant, Mr. House, already informed me in January and now has repeated, in the fact that the authorities in a serious crisis would have to rely on neutral foreign countries for all their war materials. At no price and in no case will Mr. Wilson allow this source to dry up."

For this reason, I am of the opinion that a return to the question, whether officially, by replies of Your Excellency or by a semi-official conversation between myself and the Secretary of State, will not only be useless, but even, having regard to the self-willed temperament of the President, harmful."

"In this matter I agree entirely with the view expressed by Consul Schweigel."

(Continued on Thirteenth Page.)

## IN VIRTUAL ACCORD ON DETAILS OF LOAN

Formal Proclamation of Success of Negotiations Expected Within Few Days.

SIZE IS DEFINITELY FIXED

Members of So-Called Pro-German Banking Houses Will Help Float Issue.

NEW YORK, September 21.—Borrowers and lenders of the vast sum sought in America on behalf of Great Britain and France were said to-night to be in virtual accord on all details of the proposed loan except two. These, it was said, were not of prime importance. Formal proclamation of the success of negotiations is expected within three or four days, and possibly within forty-eight hours.

More progress was said to have been made to-day than on any other two preceding days. A rough inventory of what was accomplished, it was said, would read about as follows:

Members of New York's so-called pro-German banking houses will help float the loan.

Munitions of war no longer enter into the topics discussed. While it cannot be guaranteed that they will be excluded from the loan's operation, it is the present tentative plan to continue paying for them by shipments of gold and American securities from London and Paris to New York.

LOAN WILL BE LESS

THAN \$800,000,000  
The size of the loan has been definitely agreed to, subject to revision. It will be less than \$800,000,000, probably \$760,000,000.

The notes issued for the loan will run five years, and will carry a conversion privilege, entitling the holders to surrender them at maturity, if desired, for joint Anglo-French government bonds bearing 4½ per cent interest and covering a period of probably twenty years, redeemable, however, at the option of Great Britain and France before maturity, and at the conclusion of a term not as yet disclosed.

While agreement on the foregoing details was said to have been reached, the entire program was regarded as tentative.

Members of at least two big financial institutions regarded as pro-Germans in their sympathies were said to have pledged their support to the project, and others were expected to fall in line.

One of the two was Kuhn, Loeb & Co., whose power in the financial world has been rated as second only to that of J. P. Morgan & Co. The firm itself will not subscribe to the issue, it was said, and no authoritative announcement whatever has been issued in its behalf. There were indications, however, upon which was based a report that some of the firm's members would subscribe as individuals.

POWERFUL INTERESTS

WILLING TO SUBSCRIBE  
Other powerful financial interests, it was said, also were willing to subscribe to the Anglo-French loan. This report was strengthened by the presence during the day of William Rockefeller and J. P. Morgan & Co. Mr. Morgan has been devoting virtually his entire time recently to the negotiations, and it was announced that some of the Rockefeller and Frick millions would be invested in the joint Anglo-French notes.

There was considerable speculation as to the nature of the details of the proposed loan said to remain undecided. One of these, it was thought, was the size of the fee to be paid the underwriters.

It was thought that they would receive the notes at a figure between 97½ and 99, the investor paying par.

The other detail was thought in some quarters to relate to the participation of Russia. Both of these surmises, however, were unconfirmed.

FOR FOREIGN INVESTMENT

OF AMERICAN CAPITAL  
DENVER, Colo., September 21.—Investment of American capital in Europe at the present time was introduced to-day by the convention of the Investors' Bankers' Association of America in session here. The delegates expressed approval of a policy of extension of foreign credits, "not as indicating either partiality or prejudice, but solely as a matter of business, and practically as a necessary outcome of existing conditions."

The sentiment of the delegates was crystallized in a resolution introduced by W. R. Compton, of St. Louis, chairman of the special committee on agricultural credits, and adopted unanimously by the convention, endorsing the neutrality policy of the national administration and urging bankers to maintain that attitude in conducting international transactions.

The subject of foreign investment was exhaustively discussed by Dr. E. E. Pratt, chief of the bureau of foreign and domestic commerce, who declared that under the present system of world finance the slogan, "Trade Follows the Loan," is more nearly true than the better-known phrase, "Trade Follows the Flag."

American bankers, he declared, must blaze the way for future trade development by the extension of foreign credit and investment in foreign securities.

New Assignment for Dr. Blake.  
[Special Cable to The Times-Dispatch.]  
PARIS, September 21.—Dr. Joseph Blake, who was the chief surgeon of the American ambulance at Neuilly, has resigned to become chief of the new general British base hospital at Roubaix, which was organized by Lady Johnson, wife of the British ambassador at The Hague.

## Chancellor Submits Budget to House

Budget to House



CHANCELLOR MCKENNA.

BRYAN TO MEET WILSON

AT WHITE HOUSE TO-DAY

Will Be First Conference Between Two Since Former Secretary of State Quit Cabinet.

MAY DISCUSS PREPAREDNESS

Washington Believes Visit Will Determine Whether Trip to Europe in Interest of Peace Will Be Made. May Ask for Credentials.

[Special to The Times-Dispatch.]

WASHINGTON, September 21.—Former Secretary of State Bryan will meet President Wilson at noon to-morrow, for the first time since he quit the Cabinet, three months ago. The appointment was made at Mr. Bryan's request.

It is believed by Washington politicians that upon his visit to the White House will depend Mr. Bryan's conclusion as to whether he will make his contemplated trip to Europe in the interest of peace. Friends of the administration say that Mr. Bryan probably realizes that, as a private citizen, he would make little headway in his peace movement, and that without official status of some character he would be powerless to further his universal arbitration plan that finds expression in a number of treaties that were ratified while he was Secretary of State.

It is not improbable, in the opinion of many, that Mr. Bryan will attempt to persuade the President to give him credentials that will clothe him with at least a quasi-official status, sufficient to open to him the doors of the European chancelleries and to induce European diplomats to listen to his views.

WOULD EXCITE NO

OFFICIAL JEALOUSIES

Mr. Bryan, in Europe, would be listened to, and there are possibilities of his becoming a pronounced figure in the preliminary and final negotiations for peace abroad. His trip would excite no official jealousies in Washington. It is said, and if he can do anything for peace, single-handed, he will be given credit throughout the world. It is the opinion, though, that the final adjustment of peace in Europe will be through official channels, and that President Wilson, representing the United States, will probably be the central figure, rather than an individual having back of him a following that is merely a moral force.

It is assumed that the President and Mr. Bryan will discuss the question of national defense at length. While some think Mr. Bryan may be able to persuade the President to trim down his military program, none will predict that he will reduce it to a point that will satisfy Mr. Bryan.

The rather generally accepted view that Mr. Bryan would eventually prove a thorn in the side of the Wilson administration next year has received little corroboration in anything Mr. Bryan has said and done in the last few months except his announcement that he does not favor the agitation for national preparedness for possible war.

WILL GIVE PRESIDENT

HIS IDEAS ON SUBJECT

This position of Mr. Bryan, however, was the logical one, in view of his general attitude on war and friendly international relations, and is not believed to represent a deliberate and purposeful antagonism to the plans of the administration. There is little doubt that Mr. Bryan will give the President his ideas on the subject of national defense, if his visit should prove a long one.

"I have been away from Washington several weeks, and I expect to leave again to-morrow for a considerable time. Is it more than natural that I should desire to call upon the President and pay my respects? That is the purpose of my visit," was the only statement Mr. Bryan would make.

## NEW WAR BUDGET IS GREATEST IN WORLD'S HISTORY

Drastic and Far-Reaching Increases in Taxes Proposed.

FREE TRADE INVOLVED

IN RECOMMENDATIONS

Chancellor McKenna's Suggestions Received by Virtually Unanimous House.

GENERAL DEBATE TO BE HELD

Changed Methods of Warfare Create Expenditures Not Reckoned With.

LONDON, September 21.—The greatest war budget in the world's history was introduced in the House of Commons to-day by Reginald McKenna, Chancellor of the Exchequer, as another step toward financing the war, which is costing Great Britain nearly \$25,000,000 daily.

New military requirements and changed methods of warfare have created overnight additional expenditures which had not been reckoned with even in the comparatively recent estimates of David Lloyd George, the Munitions Minister, necessitating in this budget, the third since the outbreak of hostilities, the most drastic and far-reaching taxes in the history of the country, and involving even free trade.

Hereafter, automobiles, bicycles, moving-picture films, clocks, watches, musical instruments, plate glass and hats will pay a tax of 33 1/3 per cent ad valorem, though, as Mr. McKenna explained, the objects of such taxation are "purely temporary, and without regard to a permanent effect on trade," being primarily designed to discourage imports and remedy the foreign exchange situation.

VERY WEALTHY MUST GIVE

ONE-THIRD OF REVENUE

Spirits and beer, which have been the subject of so much agitation, remained untouched by the new schedule. The principal blow fell on incomes, the existing tax on incomes not only being jumped 40 per cent, but its scope widened so as to catch even working men earning as little as \$14 weekly. The very wealthy must contribute to the government more than one-third of their revenue.

The 1 cent mail will be abolished entirely, and the weight heretofore carried in the mails for 2 cents will be reduced.

The rate on telegrams, which is 12 cents for twelve words, is increased to 18 cents, and there is also to be a proportionate increase in telephone charges.

The sugar tax, though largely increased, will mean only an extra penny per pound burden for the general public, for the sale of all sugar is now regulated by the royal commission, which will reduce the price to refiners and dealers.

General debate on the budget is yet to be held, but it was apparent that Mr. McKenna's suggestions were received by a virtually unanimous house. The Chancellor said incidentally that he would have occasion to call on the country for another war loan.

FORCED TO HALF-MAST

THE FREE-TRADE FLAG  
Mr. McKenna was forced to half-mast the free-trade flag and replace it with an embryonic tariff flag in introducing in the House of Commons the largest budget on record.

Faced with huge bills for war and ordinary expenditures, aggregating in the neighborhood of £5,000,000 (\$25,000,000) daily, and bent on raising large sums toward the current cost of the war by taxation, apart from loans, the Chancellor proposed a sweeping increase in taxation. He went beyond the customary sources of revenue, such as the income tax, tea and tobacco, into the wider field of revenue raising advocated by the great Tory statesman who resigned office to prosecute his reform campaign.

Theories must go by the board, Mr. McKenna declared. The Chancellor was actuated by the twofold principle of raising additional funds and enforcing economy on all classes by means of taxation.

Mr. McKenna estimated that the government's revenue for the current year would be £272,000,000 (\$1,360,000,000); that the expenditures would reach £1,590,000,000 (\$7,950,000,000), and that the dead weight of debt at the close of the financial year would be £2,200,000,000 (\$11,000,000,000).

HEAVY TAX ON PROFITS

OF MAKERS OF WAR SUPPLIES

A heavy tax on the profits of manufacturers of war supplies also was proposed by the Chancellor. Fifty per cent of all war profits above the amount assessed for the income tax last year will be subjected to a special tax, which works out at 6 per cent of the profits. Mr. McKenna estimated the revenue from this source in a full year at £30,000,000 (\$150,000,000).

Mr.